

CU CONFERENCE CENTER/HOTEL UPDATE
HILL REINVESTMENT STRATEGY UPDATE

December 8, 2015

City Council Study Session

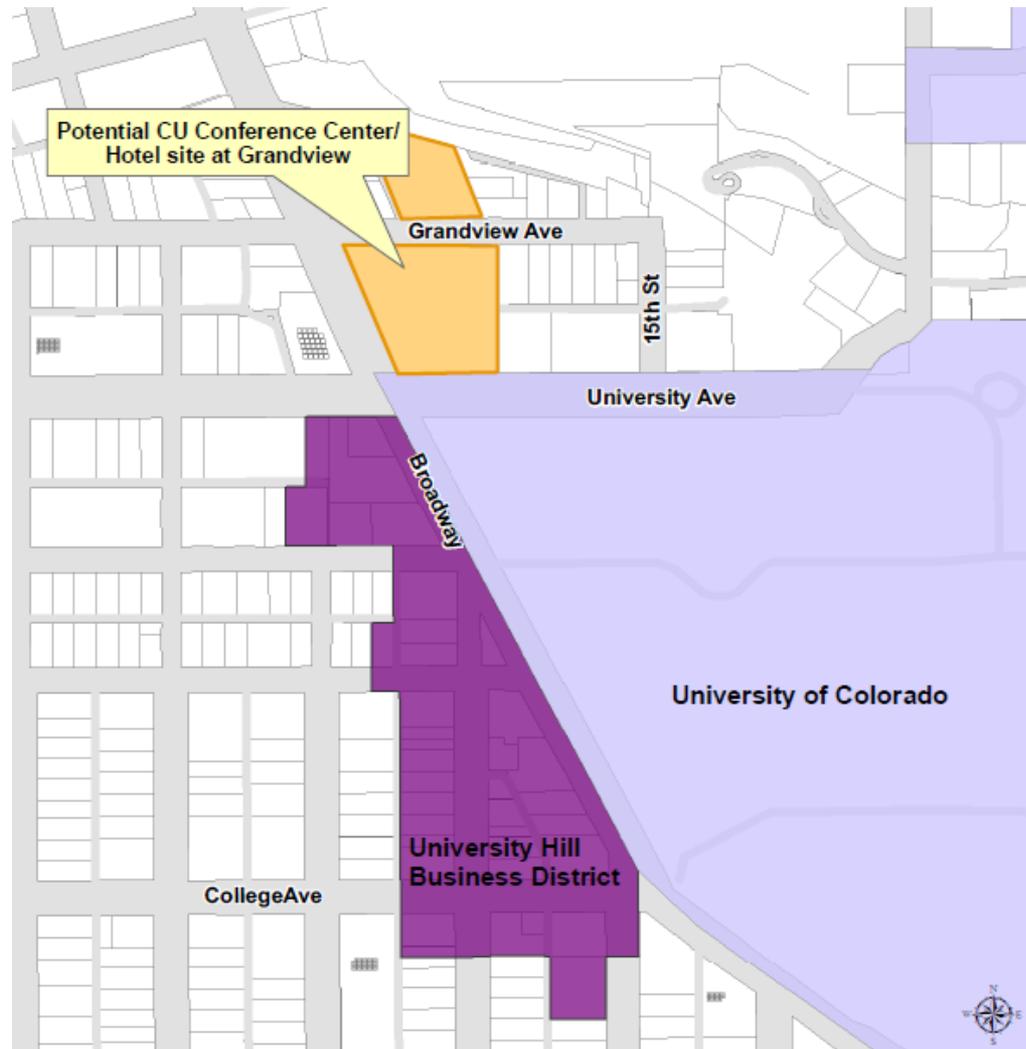
Purpose

1. Feedback on CU Conference Center/Hotel key issues and city objectives
2. Feedback on whether to explore Public Financing Options for Public Improvements on University Hill in greater detail, and whether the city should serve as a partner with UHGID
3. Feedback on the proposed 2016 Hill Reinvestment Strategy Work Plan and Hill Reinvestment Work Group Activities



CU Conference Center/ Hotel

CU Conference Center/Hotel



CU Conference Center/Hotel

Draft Goals

- Foster constructive City- CU relations & represent community goals
- Further the benefits of the Grandview site for CU & the community

CU Conference Center/Hotel

Draft Objectives

- Encourage Quality Site & Building Design
- Improve Connections in the Area
- Collaborate on Conference Facility Size
- Explore Opportunities to Incorporate Historic Resources
- Co-develop Comprehensive Approach to Parking
- Explore City Investments
- Facilitate Opportunities for Public Participation

CU Conference Center/Hotel

Next Steps

- CU consultants will complete financial analysis
- If project is deemed financially viable, CU will start RFQ/ RFP and design development in 2016
- Meanwhile, city staff will continue work on related projects

CU Conference Center/Hotel

Question for Council:

- Feedback on draft goals and objectives for collaboration with CU?*



Public Improvement Financing Tools

Public Financing Options for Public Improvements

Hill Reinvestment Strategy Goals (2014-2016)

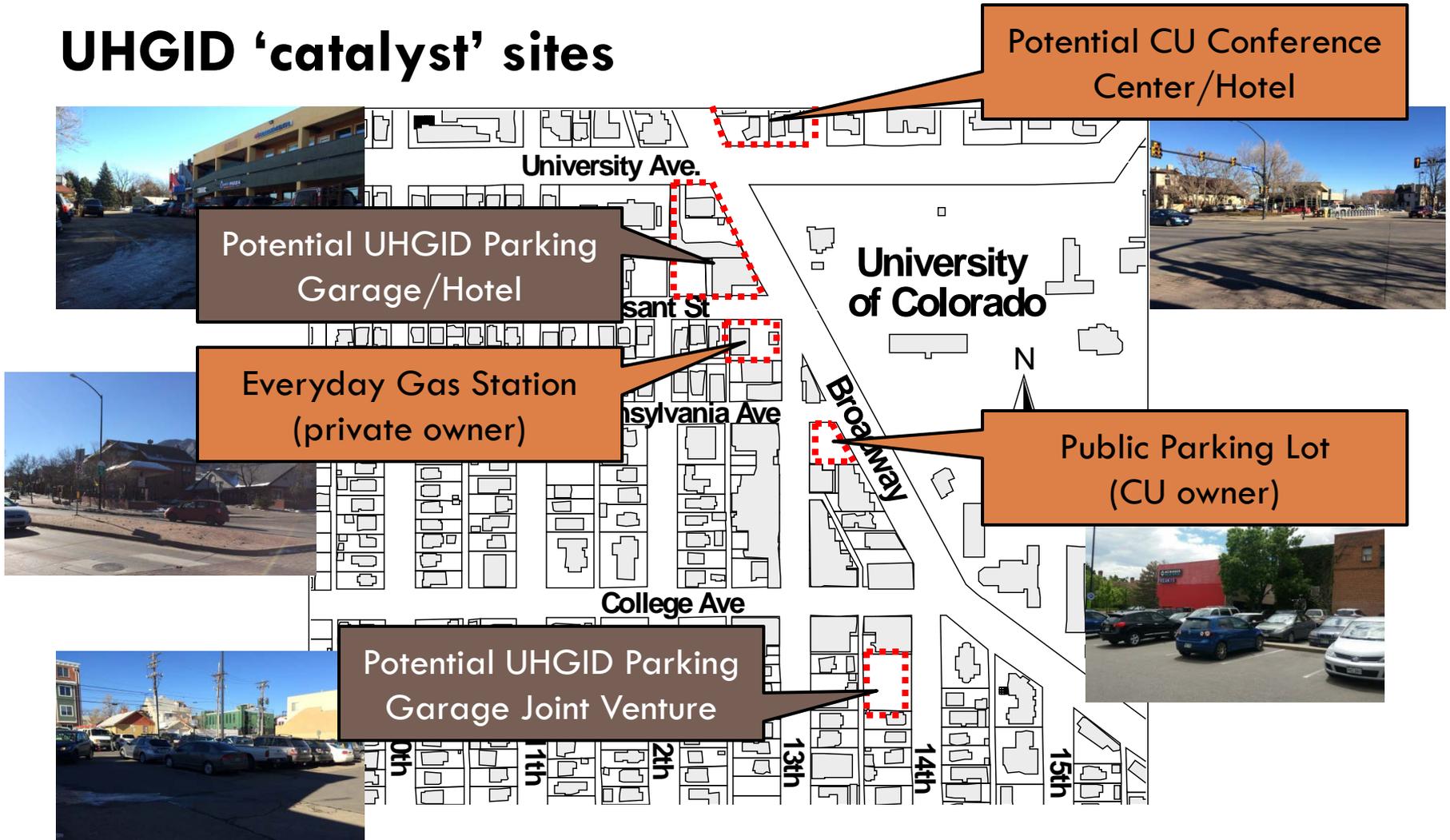
- Year-round economic vitality
- Greater diversity of uses and users

Moratorium Recommendations (March 2015)

- Prohibit new market rate residential uses in HCA
- Explore public financing options for public improvements on the Hill, including parking

Public Financing Options for Public Improvements

UHGID 'catalyst' sites



Public Financing Options for Public Improvements

UHGID

- Total assessed value = \$14.6M
- 2.29 mill levy = \$33,000
- Land Area = 10 acres



CAGID

- Total assessed value = \$237.2M
- 4.85 mill levy = \$1.1M
- Land Area = 110 acres

Public Financing Options for Public Improvements

Structures of Public-Private Partnerships

Privatization	Partnerships	Subsidization
<ul style="list-style-type: none">□ Toll roads□ Privatized student housing□ Sale of public assets<ul style="list-style-type: none">▣ Parking meters□ Public Utilities<ul style="list-style-type: none">▣ Water▣ Solid Waste	<ul style="list-style-type: none">□ Balance allocation between <i>risk</i> and <i>reward</i>□ Difference between <i>privatization</i> and <i>subsidization</i> is a matter of degree	<ul style="list-style-type: none">□ Public contributions in support of private project<ul style="list-style-type: none">□ Sports stadiums□ Large redevelopment project

Public Financing Options for Public Improvements

Front-Funding Options: Boulder Examples

<u>Option:</u>	Certificate of Participation (COP)	Developer Financing
<u>Funding Mechanism:</u>	Lease purchase – sale - lease back of assets used as collateral	Agreement with private development partner.
<u>Pros:</u>	<ol style="list-style-type: none">1. Not a multi-year obligation2. Funds available in a shorter amount of time if not challenged.	Does not require voter approval or collateral.
<u>Cons:</u>	<ol style="list-style-type: none">1. Requires collateral equal to the amount of the total lease.2. May wish to seek voter approval – if do better to use bonds.3. Major restrictions for partnerships if issued as tax exempt	Interest rate could be high, or could risk project if private partner cannot support carrying cost.
<u>Example:</u>	Purchase of Boulder Community Hospital Property	Boulder Junction Parking Garage.

Public Financing Options for Public Improvements

Front-Funding Options: Boulder Examples, cont.

<u>Option:</u>	Citywide Issuance Bonds
<u>Funding Mechanism:</u>	Voter approval of bond issuance for specific purpose or project (s).
<u>Pros:</u>	<ol style="list-style-type: none">1. Does not require collateral or private partner.2. Can be used in a partnership – restrictions are based on tax exempt or taxable
<u>Cons:</u>	<ol style="list-style-type: none">1. Community at-large may or may not support the choice (s) of investment.2. May need new funds to pay debt service and new operating costs for the city.3. Major restrictions for partnerships if issued as tax exempt
<u>Example:</u>	2011 Voter approved bond issue – Boulder Junction public infrastructure.

Public Financing Options for Public Improvements

Front-Funding Options: Boulder Examples, cont.

<u>Option:</u>	General Improvement District (GID) Bond Issuance
<u>Funding Mechanism:</u>	<i>District</i> voter approval of bond issuance for specific purpose or project (s).
<u>Pros:</u>	1. More likely that district voters will approve bond issuance that directly benefits their properties and businesses.
<u>Cons:</u>	1. Assessed value of University Hill commercial district may be insufficient to obtain bond financing.
<u>Example:</u>	CAGID issued bonds to fund construction of 15 th /Pearl and 9 th /Canyon (St Julien) public parking garages.

Public Financing Options for Public Improvements

Repayment Financing Options Non-General Fund Debt or Lease

<u>Option:</u>	Urban Renewal Authority Not Recommended	General Improvement District (GID)
<u>Funding Mechanism:</u>	Tax Increment Financing (TIF).	Mill levy.
<u>Pros:</u>	Captures increased value from site improvements.	Existing GID in Hill Commercial Area (HCA).
<u>Cons:</u>	Current legal complications being reviewed by a task force	Limited UHGID funding capacity, need to pair with other mechanism.
<u>Example:</u>	9 th /Canyon Public Parking Garage at St Julien Hotel.	University Hill, Boulder Junction, Downtown Boulder

Public Financing Options for Public Improvements

Repayment Financing Options Non-General Fund Debt or Lease, cont.

<u>Option:</u>	Local Improvement District (LID)	Internally Dedicated Project Revenues
<u>Funding Mechanism:</u>	Property assessment for specific project.	General fund revenues, e.g. sales tax, property tax and parking fees.
<u>Pros:</u>	Properties that benefit share in cost.	Increase in general fund revenues are reinvested on-site for a limited time.
<u>Cons:</u>	Cost likely passed on to tenants, may affect district competitiveness.	Use judiciously – Overuse can reduce flexibility in general fund for time dedicated.
<u>Example:</u>	West Pearl Residential Streetscape Improvements	Boulder Junction Use Tax, Depot Relocation St. Julien Hotel

Public Financing Options for Public Improvements

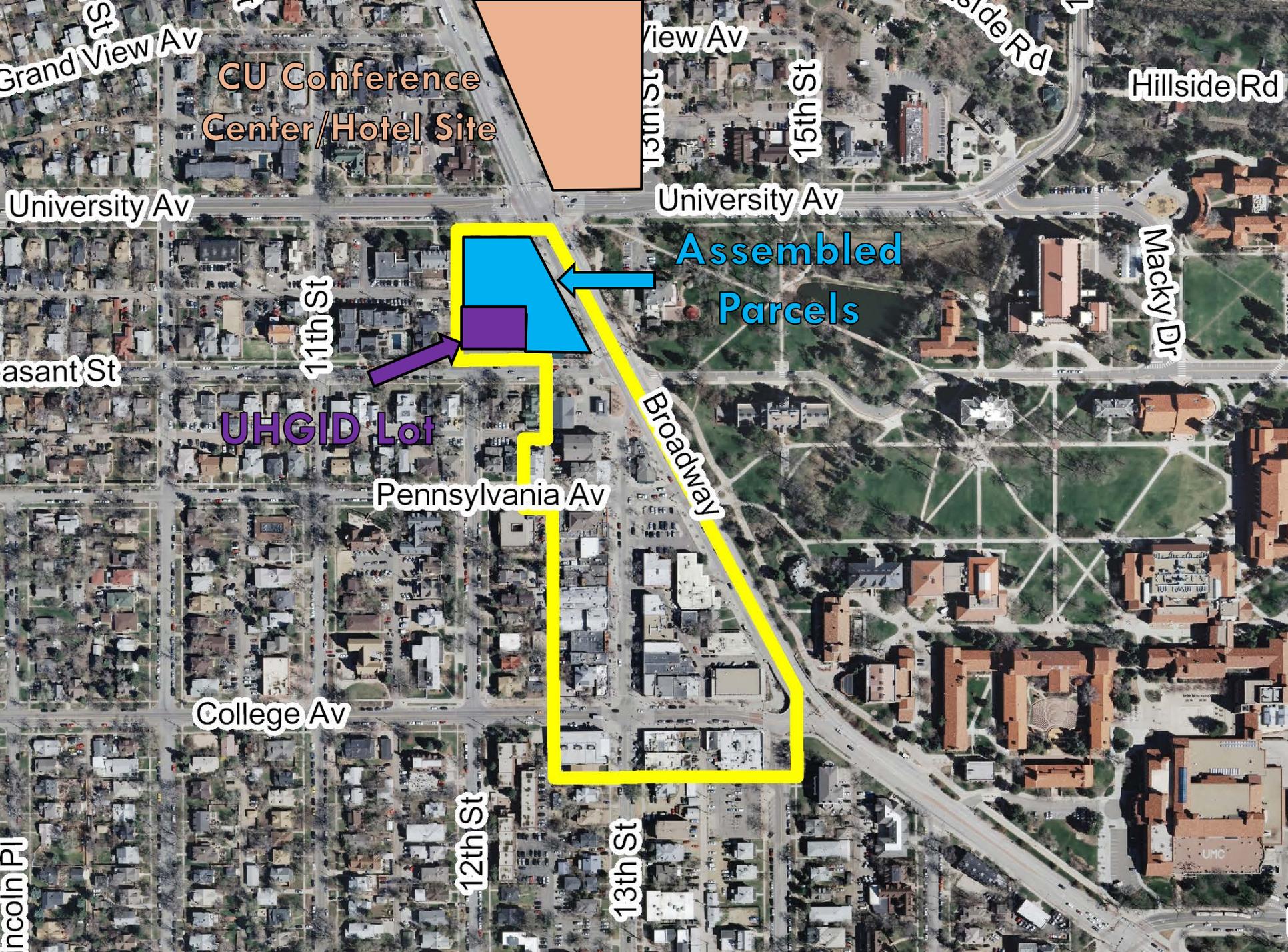
Repayment Financing Options: Non-General Fund Debt or Lease, cont.

<u>Option:</u>	Downtown Development Authority (DDA)	Public Improvement Fee (PIF)
<u>Funding Mechanism:</u>	TIF or mill levy.	Privately assessed fee through covenant on tenant lease.
<u>Pros:</u>	Tied to an approved plan for a broad area.	Does not impose additional cost on owners or tenants.
<u>Cons:</u>	<ol style="list-style-type: none"> 1. Only one per municipality, should adopt only after comprehensive study. 2. Governance questions 	<ol style="list-style-type: none"> 1. Difficult to administer other than on a single-owner site. 2. If fee revenue does not meet expectations, lender wants guarantees
<u>Example:</u>	Glenwood Springs, CO (public parking garage, streetscape improvements)	Union Station , Denver, CO (1% additional sales tax to fund private maintenance, improvements and programming)

Public Financing Options for Public Improvements

Proposed Hotel Project

- ❑ Hotel development team assembled four adjacent parcels
- ❑ UHGID-owned parking lot would be fifth parcel
- ❑ Proposed on assembled site:
 - 160 room hotel
 - 30,000 SF retail/dining
 - 250 public parking spaces (UHGID-owned)
 - Synergies with potential CU Conference Center/hotel



CU Conference Center/Hotel Site

Assembled Parcels

UHGID Lot

Grand View Av
University Av
Pennsylvania Av
College Av
11th St
12th St
13th St
Broadway
Hillside Rd
Macky Dr
Lincoln Pl

Public Financing Options for Public Improvements

Next Steps

- If directed by Council, staff will continue to explore public improvement financing tools, with more detailed analysis on how these could apply to the University Hill 'catalyst' sites
- Staff would return with a recommendation by Q1

Public Financing Options for Public Improvements

Questions for Council:

- Does Council want staff to explore the public improvements financing and repayment options in greater detail, including an analysis of the financial and legal considerations of using the options to finance public improvements on the University Hill 'catalyst' sites?
- Would Council support the City of Boulder participating as a financial partner in the financing options?



2016 Work Plan/HRWG

University Hill Reinvestment Strategy: WORK PLAN OVERVIEW



Hill Reinvestment Strategy Programs: Phase One

Draft 11/20/15



Proposed 2016 HRS Work Plan and HRWG

Next Steps

- ❑ Community Vitality will host two additional workshops with the Hill Reinvestment Working Group (HRWG):
 - ❑ **Workshop #2** - Governance and funding mechanisms to support the priorities identified at workshop #1
 - ❑ **Workshop #3** - Stakeholder roles in the governance structure identified at workshop #2
- ❑ Return in Q2 with HRWG recommendation
- ❑ Return in Q2 with a phase two HRS Work Plan for 2017-2019

Proposed 2016 HRS Work Plan and HRWG

Questions

- ❑ Does Council have any feedback regarding the proposed 2016 HRS Work Plan and/or the process and next steps of the Hill Reinvestment Working Group?

Additional Resources

- **CU Conference Center/Hotel Project:**

<https://bouldercolorado.gov/planning/cu-conference-center-and-hotel>

- **University Hill Reinvestment Strategy:**

<https://bouldercolorado.gov/commercial-districts/hill-reinvestment-strategy>

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